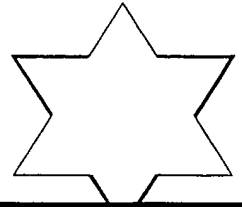


MINNESOTA GROCER

Serving the Minnesota Food Industry

Fall 1995



**Ethnic Foods
Finds its Niche —
Two Retailers Tell
Their Stories**

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**1995 Voting Records
— How did Your
Legislator Vote?**



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HOME DELIVERY: Minnesota Style

Minnesota grocers are putting a new face on home delivery: Jim and Patricia Tersteeg, along with a colleague, have developed Market Share, a computerized home-delivery and pickup system; Steve Barlow is implementing Market Share with a variety of specialized services at his upscale store in Rochester. Both are getting local and national attention as they head down the road that links modern technology with home delivery.

Redwood Falls Grocer Introduces Computerized System for Home-Delivery and Pickup

As a second-generation grocer, Jim Tersteeg (Tersteeg's Holiday Market, Redwood Falls) has known some home delivery services to come and go with changing times and changing needs.

An interest in technology that integrates complex systems yet simplifies end-user tasks motivated the Tersteegs to establish their own company, Innovative Retail Solutions, Inc. Earlier this year, Innovative Retail Solutions introduced Market Share, a computerized home-delivery and pickup system.

The Market Share program, which can stand alone or interface with existing computer systems, operates from one standard personal computer; the program processes all ordering through a voice-activated system. Market Share is the product of a vision, brought to reality after more than two years of discussion, consultation and testing.

"Market Share's feasibility is really the brainchild of our partner," says Patricia Tersteeg. "We all took Market Share's capability and combined it with the needs for and trends toward home-delivery. From there we brainstormed and considered every idea and situation applicable to the system. Before introducing Market Share, we worked together for over two years, trying to anticipate problems that grocers might encounter

in using the system, getting the 'bugs' out and testing it. We covered every angle and, consequently, we believe that we have developed a product that is accessible to all customers, meets the needs of the customer in an easy and efficient manner, meets the needs of the grocer to provide the service and process the order. We believe the system is cost-justifiable to all."

Jim Tersteeg sees the benefits of this program in terms of its application now and in the future. "So many industry reports indicate that home-delivery will be an integral part of the retail grocery business in the near future. The time is right for a system like this. The real advantage of this system is its flexibility and simplicity," he adds. "A grocer can customize it in so many ways for his or her particular needs and goals. And, best of all, the customer needs only a touch-tone telephone and a catalog (provided by the participating store) in order to take full advantage of the service."

Continued on page fourteen



Barlow Foods Launches Home Delivery Service Utilizing Market Share Program

Last Spring, Barlow Foods Inc., in Rochester launched a comprehensive home delivery service following installation of the Market Share Program offered by Innovative Retail Solutions, Inc. Steve Barlow, owner/operator of Barlow Foods has studied home delivery programs—both failures and successes—and sees the efficient use of technology coupled with home delivery as a definite trend for the future.

"Our home delivery service is all about anticipating consumer trends and using the resources at our disposal to meet future needs," says Barlow. The technology (for off-site ordering and home delivery) is going to be there in the future for sure. I thought it was best to get going on this as soon as possible so that we can work the 'bugs' out by the time people are really expecting or demanding the service." Barlow reviewed what Market Share had to offer and felt it was a program that could get him started down the road that links modern technology with home delivery.

Now, about four months into the program, Barlow sees that the consumer groups originally targeted for his home delivery service are, indeed, the groups using it to the greatest extent. "The consumer groups I targeted for this service are the geographically dispersed—those living 15-20 miles from the store; the time-motivated customers—primarily working couples; and businesses." Though Barlow has a separate commercial sales department, businesses, schools and hospitals are, in fact, using the new home delivery ser-

vice for smaller and incidental orders.

"Home delivery helps to solve the location issue. When 80 percent of your customers put a huge premium on time, it's really rather arrogant to think that people are always going to choose to come to you. In putting together this home delivery service, I figured that if they can't or won't come to me, I'll just go to them."

*I figured that if they
can't or won't come
to me, I'll just go
to them."*

Following his initial planning with Innovative Retail Solutions, Inc., Barlow found that actually rolling out the home delivery service was a relatively uncomplicated process. "Right now," Barlow says, "the challenge is working out the glitches. This is still a learning process for us. These first months of implementation have been a time of testing the process on a daily basis."

At the heart of Barlow's home delivery service is a customized catalog featuring all products available for delivery. "The catalog was relatively easy to create," he notes.

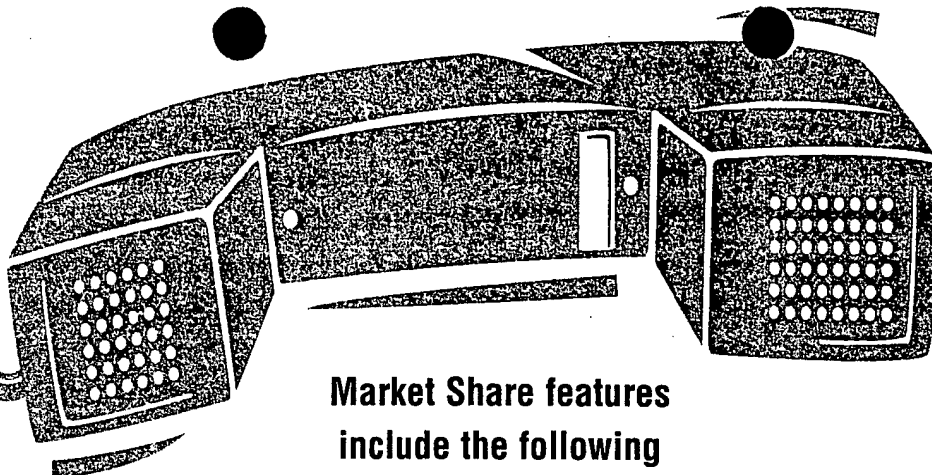
"We just downloaded our POS system into the catalog format, added ad slicks for vendor support, and sent everything to the printer." The result of this preparation: a three-ring binder catalog of approximately 85-90 pages and a total listing of 8,000-8,500 products.

To date, the biggest challenge related to the catalog is discontinued product. "I want to keep the catalog vibrant and, to achieve that, we plan to mail out supplements and seasonal updates periodically, and we'll probably create an updated catalog six to nine months out."

Unlike some home delivery services that charge a percentage of the overall grocery bill for delivery, Barlow's home delivery service charges a flat fee for any size order: \$5.00 for in town deliveries and \$10.00 for distances up to 15-20 miles outside of town.

Distances beyond 15-20 miles are negotiated. Recognizing the fact that a large percentage of users of the home delivery service are working couples, Barlow has, during this initial phase of the service, established home delivery times between the hours of 2PM and 7PM.

The option for store pickup of phoned-in orders is another aspect of the home delivery program that Barlow expects will grow over time. "So far," observes Barlow, "it appears that the first customers to sign up for this program did so primarily for the home delivery benefit. At this time, 80 percent of those signed up for the service are requesting home delivery rather



Market Share features include the following

- * Invoice listing in sequence by aisle and category for easy order-picking
- * Store-defined variables, including: times to place orders, amount of time required to prepare orders, pickup charges and delivery charges (per location)
- * Delivery and pickup restrictions can be easily overridden by store manager
- * Restriction of delivery to disqualified customers
- * Designation of seasonal items
- * Prices reflecting in-store as well as advertised specials
- * Designation of taxable and non-taxable items (state, city, local)
- * Tracking of orders by order number
- * Invoice listing in sequence by aisle and category for easy order-picking
- * Department totals eliminate need to check out orders through registers
- * System file maintenance by personnel through touch-tone entries
- * Item description, size, and pricing spoken to the customer during order entry
- * Quantity order limit warns customers of potential error in excessive ordering
- * Choice of substituting items in out-of-stock situations
- * Information regarding discontinued items
- * PIN security protection
- * Speaks order total following order entry, including sales tax and pickup or delivery charge
- * Allows customers to call back at any time to review and/or modify order

For more information about Market Share, contact Jim, Patricia or Connie at Innovative Retail Solutions, Inc., 1111 East Bridge Street Redwood Falls, MN 56283 (507) 637-2343

than in-store pickup."

"I really don't think the time-motivated consumer, who will make up a large share of the customer base for this service, cares what kind of technology is used to run and maintain a home delivery service—telephone, computer modem, fax, whatever, as long as it's accessible to them and it works. Right now, the basic cus-

tomers issues are pretty straightforward and clear: *'Will I get my order on time? Will it be fresh? Will the ice cream be hard? Will I get the same quality of product I'd select for myself in the store? Will the delivery person be non-threatening?'*"

With his home delivery system up and running and the winter months just ahead, Barlow looks forward to further growth in this

specialized service for his customers. "In the near future, I hope to schedule two deliveries per week in areas north, south, east and west of the store. Eventually, I'd like to see a whole fleet of Barlow's home delivery trucks, but we'll take this a step at a time. After four months of testing this service with our customers, we're now in a position to prove ourselves."